

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

THE HAMILTON COTTON COMPANY, LIMITED

An operating company, incorporated under the Companies Act (Dominion) by Letters Patent dated April 2, 1928, with Supplementary Letters Patent dated October 25, 1943.

COMMON SHARES, NO PAR VALUE

(Certificates transferable in Toronto)

CAPITAL SECURITIES AS AT NOVEMBER 1st, 1943

STOCK	Par Value	Number of Shares Authorized	Number of Shares Issued	Number of Shares to be Listed
Common.....	None	80,000	80,000	80,000
<u>FUNDED DEBT</u>				

3% First Mortgage and Collateral Trust Serial Bonds, due \$85,000 per annum on November 1, 1944-1953.

Hamilton, Ont., November 9th, 1943

1. THE HAMILTON COTTON COMPANY, LIMITED (hereinafter referred to as the "Company") hereby makes application for listing on The Toronto Stock Exchange: 80,000 common shares of no par value.

2. HISTORY OF COMPANY AND NATURE OF BUSINESS

The Hamilton Cotton Company, Limited was incorporated in 1928 to acquire a business of the same name originally established in 1880, and is engaged directly and with a subsidiary, Trent Cotton Company, Limited, in the spinning of cotton yarns. Trent Cotton Company, Limited, located at Trenton, Ontario, was acquired by the parent company in 1929. The parent Company also is engaged in the manufacture of a diversified line of products, including webbings, cotton cordage, such as clothes lines, sash cords, ropes, and twines, denims and cottonades for work clothes and overalls and is equipped to manufacture elastic webbings, which under normal conditions represents an important part of the Company's production. The Company also does dyeing and bleaching of its own products as well as a considerable amount of custom work. Products are distributed throughout Canada through various selling agents, and also to British West Indies and New Zealand. The Company's normal production has been adjusted to war needs with the result that its normal products are being produced in substantially reduced volume, which volume could again be accelerated to provide peace-time demands. Approximately 60% of the Company's production has been converted to providing textile products for use of the Armed Forces. The Company's main plant at Hamilton, Ontario, has a floor space for manufacturing purposes of over 275,000 square feet, and its subsidiary in Trenton, Ontario, has 75,000 feet additional. Both plants are well situated as to railway facilities. Equipment of the Company, and its subsidiary consists of over 24,000 cotton spindles, with adequate processing equipment for its yarn, 122 cloth looms, 102 webbing looms and 605 braiders for the manufacture of elastic and cotton braids and cord.

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.

3.

ORGANIZATION, CAPITAL AND CHARTER CHARGES

The Company was incorporated under The Companies' Act (Dominion) by Letters Patent dated April 2, 1928, with an authorized capitalization of \$1,200,000 divided into 40,000 shares of the par value of \$30.00 each, of which 20,000 shares were Cumulative Convertible Sinking Fund Preference Shares and 20,000 shares were Common Shares. As of October 11, 1943, 2,460 Preference Shares had been redeemed and cancelled. On October 11, 1943, the outstanding 17,540 Preference Shares were called for redemption at \$35.00 per share and accrued dividend. None of the original 20,000 Cumulative Convertible Sinking Fund Preference Shares have at any time been converted into Common Shares of the Company. By Supplementary Letters Patent dated October 25, 1943, the Company subdivided each of the then existing 20,000 Common Shares into two Common Shares of no par value and increased the capital stock by the sale of 40,000 Common Shares of no par value.

4.

SHARES FULLY PAID AND NON-ASSESSABLE

A legal opinion of Messrs. Blake, Anglin, Osler & Cassels, Toronto, Ontario, dated October 26, 1943, stating that in their opinion the Company was legally incorporated and that its capital stock is fully paid and non-assessable is on file with the Exchange.

5.

SHARE ISSUES

40,000 Common Shares of no par value issued through subdivision of 20,000 Common Shares (\$30 par value) as authorized by Supplementary Letters Patent dated October 25, 1943.

40,000 Common Shares issued at \$15.00 per share under agreement dated August 10, 1943.

6.

STOCK PROVISIONS AND VOTING POWERS

In accordance with the provisions of The Companies' Act (Dominion) holders of the Common Stock are entitled to one vote for each share held.

7.

DIVIDENDS

Dividends were initiated on April 1, 1942 when ten cents per share was paid, this payment being maintained regularly on each January, April, July and October 1 on the 20,000 shares outstanding up to and including July 2, 1943. The Directors of the Company intend to declare a quarterly dividend of 22½ cents per share on the 80,000 Common Shares now outstanding, payable December 1, 1943. This is at the rate of 90 cents per annum per common share outstanding.

DIVIDENDS PAID TO DATE

	<i>Amount paid per Share</i>	<i>Total Dividends Paid</i>
April 1, 1942.....	10c.	\$2,000
July 2, 1942.....	10c.	2,000
October 1, 1942.....	10c.	2,000
January 2, 1943.....	10c.	2,000
April 1, 1943.....	10c.	2,000
July 2, 1943.....	10c.	2,000
Dividend declared — December 1, 1943.....	22½c.	\$18,000

8.

SUBSIDIARY COMPANIES

The Trent Cotton Company, Limited was incorporated March 6th, 1929. Total capitalization of the Company consists of 10,000 shares, all of which are owned by The Hamilton Cotton Company, Limited. Trent Cotton Company, Limited is engaged directly in the spinning of cotton yarns.

9.

FUNDED INDEBTEDNESS

The funded debt of the Company consists of an issue of \$850,000 3% First Mortgage and Collateral Trust Serial Bonds which are due \$85,000 per annum on November 1, 1944-53 inclusive. This issue of bonds is dated November 1, 1943.

Principal and half-yearly interest (May 1 and November 1) payable in lawful money of the Dominion of Canada at any branch in Canada (Yukon Territory excepted) of the Company's bankers. The bonds are redeemable at the option of the Company at any time on 30 days' prior notice in whole, or in part to be selected by lot pro rata from each maturity at 101 and accrued interest. The bonds are issued in denominations of \$1,000 and may be registered as to principal only. Trustee of the bond issue is National Trust Company Limited, Toronto.

The bonds are secured by a Deed of Trust and Mortgage constituting:

- (a) a fixed and specific mortgage and charge upon all of the fixed assets owned by the Company other than a property situate at Dundas and used for temporary storage purposes only;
- (b) a specific charge on all of the outstanding shares of the Company's subsidiary, Trent Cotton Company, Limited.

In addition the bonds are a first floating charge on the undertaking and all other property and assets, present and future, of the Company.

10. OPTIONS AND UNDERWRITINGS

There are no outstanding underwritings, options, sale agreements, conversion privileges, purchase warrants or other contracts or agreements of like nature with respect to any of the outstanding capital stock.

11. LISTING ON OTHER STOCK EXCHANGES

The shares of the Company are not listed on any other stock exchange.

12. SECURITY COMMISSION REGISTRATION

No shares of the Company are being offered to the public at the present time. Consequently, no registration or approval by the Ontario Securities Commission is presently required. Under date of August 10, 1943, the Ontario Securities Commission granted permission for the sale of common shares of the Company not exceeding 40,000 shares, these shares being the increase in the capital stock of the Company referred to herein.

13. FISCAL YEAR

The Company's 1942 fiscal year ended on December 26th; the 1941 fiscal year ended on December 27th; the 1940 fiscal year ended on December 28th and the 1939 fiscal year ended on December 30th.

14. ANNUAL MEETING

The annual meeting of the Company is held at the head office of the Company at the call of the Board of Directors.

15. HEAD OFFICE

The head office of the Company is located at 304 Mary Street, Hamilton, Ontario.

16. REGISTRAR AND TRANSFER AGENT

Registrar and Transfer Agent of the Company is the Canada Permanent Trust Company, Toronto.

17. TRANSFER FEES

No transfer fees, apart from the customary provincial and federal stock transfer taxes, are charged.

18. AUDITORS

The auditors of the Company are Messrs. Peat, Marwick, Mitchell & Co., Hamilton, Ontario.

19. OFFICERS

President—Alan V. Young, 304 Mary Street, Hamilton, Ont.

Vice-President and Treasurer—James V. Young, 304 Mary Street, Hamilton, Ont.

Secretary—E. Glover Howe, 304 Mary Street, Hamilton, Ont.

Assistant Treasurer—J. C. Burns, 304 Mary Street, Hamilton, Ont.

20. DIRECTORS

Alan V. Young, Manufacturer, 304 Mary Street, Hamilton, Ont.

James V. Young, Manufacturer, 304 Mary Street, Hamilton, Ont.

Fred Allen, Superintendent, 304 Mary Street, Hamilton, Ont.

Walter S. Burrill, Manufacturer, c/o Cosmos Imperial Mills Limited, Hamilton, Ont.

Mark B. Holton, Manufacturer, c/o Chipman, Holton Knitting Co. Ltd., Hamilton, Ont.

Dunlop Stewart, Sales Agent, 159 Bay Street, Toronto, Ont.

H. R. Tudhope, Investment Dealer, 320 Bay Street, Toronto, Ont.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors the Company hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



THE HAMILTON COTTON COMPANY, LIMITED,

ALAN V. YOUNG,

President.

E. GLOVER HOWE,

Secretary.

FINANCIAL STATEMENTS

THE HAMILTON COTTON CO., LIMITED

AND ITS SUBSIDIARY

TRENT COTTON COMPANY LIMITED

Fifteenth Annual Report For Year Ending December 26th, 1942

February 27, 1943.

To the Shareholders,—

Your Directors submit herewith the Fifteenth Annual Report and Financial Statement of the Company, as at December 26th, 1942.

After providing for all manufacturing, administrative and selling expenses and depreciation, and after deducting bond interest, directors' fees and making provision for all taxes, the net profits for the year were \$143,307.79.

During the year, the regular Preference Dividends of 50c per share per quarter were paid. There was also declared during the year \$2.00 per share which eliminates all outstanding arrears of Dividends on the Preference Shares. Dividends of 40c per share were declared on the Common Stock of the Company.

The Company has entered into an agreement with the Commodity Prices Stabilization Corporation Limited, covering the Company's inventory and cost of cotton. This agreement was considered necessary owing to the fact that the Wartime Prices and Trade Board fixed the maximum prices at which the Company's products may be sold. The agreement went into effect from the beginning of the year covered by this statement and adjusts the cost of cotton to a proper relationship with these fixed selling prices and is reflected in the Balance Sheet. The effect of this will be to stabilize operating conditions.

Under present conditions, there is a full demand for all the materials that the Company can manufacture. Production, however, has been reduced to some extent from maximum capacity by difficulties of employment and absenteeism. Nevertheless, reasonably satisfactory results are anticipated.

The physical condition of the plant has been well maintained, and depreciation has been charged at the usual rates.

Your Directors wish to express their appreciation of the loyal co-operation of the staff.

By order of the Board of Directors,

ALAN V. YOUNG,

President.

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 26, 1942

ASSETS

Current Assets:

Cash on Hand and in Banks.....	\$	38,941.24
Accounts and Notes Receivable.....		363,415.20
Investment in Dominion of Canada Bonds at Cost (Market Value \$353,605.00).....		355,313.75
Due from Employees re Victory Loan Subscriptions, secured by Dominion of Canada Bonds (Market Value \$50,589.00).....		38,105.40

Inventories:

Represented by Cotton Account adjusted from cost under agreement with Commodity Prices Stabilization Corporation, Limited, to give effect to subsidy assistance contingently repayable.....	\$	1,734,851.17	
Other Inventories at not exceeding the lower of cost or market value, as determined and certified to by responsible officials of the Company, less Reserves.....		298,998.76	2,033,849.93

Deposits with Fire Insurance Company.....		22,969.35
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Total Current Assets.....		2,852,594.87
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Deferred Charges.....		25,012.94
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Other Investments.....		3,527.00
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Fixed Assets:

Real Estate, as appraised by Mr. F. Kent Hamilton, under date of April 5, 1928.....		153,892.00	
Buildings, Machinery and Equipment as appraised by Lockwood, Greene & Co., Inc., under date of April 5, 1928, at replacement cost less depreciation, with subsequent additions at cost, less adjustments.....	\$	3,262,081.12	
Deduct Reserve for Depreciation.....		2,003,290.47	1,258,790.65
Total.....			\$ 4,293,817.46

LIABILITIES

Current Liabilities:

Bank Loans (Secured).....	\$	1,270,000.00
Accounts Payable.....		95,332.62
Accrued Wages, etc.....		53,460.66
Preferred Dividend due January 2, 1943.....		8,817.50
Common Dividend due January 2, 1943.....		2,000.00
Reserve for Dominion Income and Excess Profits Taxes—Estimated.....		46,511.45
Accrued Bond Interest.....		15,334.32
Total Current Liabilities.....		1,491,456.55

First Mortgage and Collateral Trust Bonds:

3% Serial Bonds due August 1, 1943.....	\$	65,000.00	
4¼% Sinking Fund Bonds due August 1, 1950.....		850,000.00	915,000.00

Capital Stock:

Authorized:

Cumulative Convertible Sinking Fund Preference Stock, 20,000 shares of a par value of \$30.00 each.....	600,000.00
Common Stock, 20,000 shares of a par value of \$30.00 each.....	600,000.00

Issued:

Preference shares 20,000 shares fully paid.....	600,000.00
Less redeemed 2,365 shares.....	70,950.00
17,635 shares.....	529,050.00
Common shares—20,000 shares fully paid.....	600,000.00
	1,129,050.00

Surplus:

Capital.....	66,501.64
Earned.....	691,809.45

TOTAL.....	\$ 4,293,817.46
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Signed on behalf of the Board:

ALAN V. YOUNG, Director
JAMES V. YOUNG, Director

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the accounts of The Hamilton Cotton Company, Limited, and its subsidiary company, Trent Cotton Company, Limited, for the period from December 28, 1941, to December 26, 1942, and in accordance with the provisions of the Companies Act (Dominion), we have to report that we have obtained all the information and explanations we have required, and, in our opinion, the appended Consolidated Balance Sheet as at December 26, 1942, is properly drawn up so as to exhibit a true and correct view of the state of the Companies' affairs, on a consolidated basis, as at December 26, 1942, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

PEAT, MARWICK, MITCHELL & CO.,

Hamilton, Ontario, February 23, 1943.

Auditors.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Net Operating Profit before Directors' Fees and after deduction of Depreciation of \$248,835.95 and payment of Executive Salaries in the amount of \$49,092.02....	\$	274,131.46
Income from Investments.....		4,652.83
		<u>278,784.29</u>
DEDUCT:		
Bond Interest.....	39,076.50	
Directors' Fees.....	1,400.00	
Provision for Dominion Income and Excess Profits Taxes—Estimated.....	<u>95,000.00</u>	135,476.50
Net Profit for Period ended December 26, 1942.....	\$	<u>143,307.79</u>

CONSOLIDATED SURPLUS ACCOUNT

Earned Surplus:—		
Balance as at December 27, 1941.....	\$	567,854.16
ADD:		
Net Profit for Period ended December 26, 1942.....	\$	143,307.79
Reserve for previous years' income and excess profits taxes not required.....	<u>60,000.00</u>	203,307.79
		<u>771,161.95</u>
DEDUCT DIVIDENDS PAID AND ACCRUED DURING 1942:		
Preference Stock.....	71,352.50	
Common Stock.....	<u>8,000.00</u>	79,352.50
Earned Surplus as at December 26, 1942.....	\$	<u>691,809.45</u>
Capital Surplus:—		
Balance as at December 27, 1941.....	\$	66,822.48
Add Profit on disposal of Machinery, etc.		1,578.98
		<u>68,401.46</u>
DEDUCT:		
Loss on sale of Investments.....	\$	1,500.00
Premium on Redemption of Preference Stock.....	<u>400.00</u>	1,900.00
Capital Surplus as at December 26, 1942.....	\$	<u>66,501.46</u>

SUPPLEMENTAL FINANCIAL STATEMENTS

August 10, 1943.

We have examined the Balance Sheet of The Hamilton Cotton Company, Limited, and its wholly owned subsidiary, Trent Cotton Company, Limited as of June 12, 1943 and report that, in our opinion, the appended Proforma Consolidated Balance Sheet is drawn up so as to show the financial position of the Company and its subsidiary, after giving effect as of that date to:

- (a) the repayment of \$65,000.00 3% First Mortgage and Collateral Trust Serial bonds due August 1, 1943.
- (b) the redemption of the outstanding \$850,000.00 4¼% First Mortgage and Collateral Trust Sinking Fund bonds and the outstanding 17,540 shares, Cumulative Convertible Sinking Fund Preference Stock, and the conversion of the outstanding 20,000 Common Shares \$30.00 par value stock into 40,000 shares no par value Common Stock.
- (c) the sale of \$850,000.00 3% First Mortgage and Collateral Trust Serial bonds and 40,000 additional shares no par value Common Stock, in terms of agreements dated August 10, 1943.

Having examined the books of The Hamilton Cotton Company, Limited, and of its subsidiary for the periods from January 1, 1933 to June 12, 1943, we further report that, in our opinion, the combined net earnings, after deduction of provision for depreciation of buildings, machinery and equipment, as determined by the Company, which, in our opinion, is adequate, and making provision for Dominion and Provincial Income and Dominion Excess Profits Taxes at the various rates in force during the respective periods, and providing for Bond Interest on the 3% First Mortgage and Collateral Trust Serial bonds to be outstanding, which would have been available for dividends on the 80,000 Common Shares (no par value) to be outstanding were as follows:

Period	Earnings before Providing for Bond Interest, Depreciation and Income and Excess Profits Taxes	Provision for Depreciation	Provision for Dominion and Provincial Income and Dominion Excess Profits Taxes, when applicable at then current rates (Estimated)	Provision for Interest on Bonds to be presently outstanding (Maximum Annual Charge)	Net Earnings Available for Dividends
Year ended December 31, 1933.....	\$209,064.03	\$ 93,489.75	\$ 12,373.93	\$25,500.00	\$ 77,700.35
52 weeks ended December 29, 1934.....	311,294.76	103,671.85	27,077.24	25,500.00	155,045.67
52 weeks ended December 28, 1935.....	261,031.28	99,324.81	22,440.86	25,500.00	113,765.61
52 weeks ended December 26, 1936.....	292,907.25	122,281.25	23,718.27	25,500.00	121,407.73
52 weeks ended December 24, 1937.....	298,201.63	121,510.05	24,621.10	25,500.00	126,570.48
53 weeks ended December 31, 1938.....	237,056.90	105,919.45	17,275.75	25,500.00	88,361.70
52 weeks ended December 30, 1939.....	280,122.45	111,314.28	28,661.64	25,500.00	114,646.53
52 weeks ended December 28, 1940.....	756,102.94	247,457.80	302,552.20	25,500.00	180,592.94
52 weeks ended December 27, 1941.....	749,347.61	214,456.86	313,722.08	25,500.00	195,668.67
52 weeks ended December 26, 1942.....	499,901.37	248,835.95	90,226.16	25,500.00	135,339.26
24 weeks ended June 12, 1943.....	209,880.94	100,944.14	38,866.72	11,770.00	58,300.08

NOTES:

The increase in the provision for depreciation during the periods ended December 28, 1940, December 27, 1941, December 26, 1942 and June 12, 1943, is mainly due to special depreciation allowed by the War Contracts Depreciation Board of \$45,995.34 for the period ended December 28, 1940, and \$31,591.99 for the period ended December 26, 1942, and accelerated depreciation in excess of normal rates to provide for the increased use of productive facilities.

The earnings from December 28, 1941, to June 12, 1943, are governed by the terms of agreements with the Commodity Prices Stabilization Corporation Limited. These agreements have a stabilizing effect on earnings but, while they remain in force and Dominion Income and Excess Profits Taxes are at current rates, the net income of the companies after Dominion Income and Excess Profits Taxes, cannot be greater than 70% of their standard profits.

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants.

THE HAMILTON COTTON COMPANY, LIMITED

and its wholly owned subsidiary
Trent Cotton Company Limited

PROFORMA CONSOLIDATED BALANCE SHEET

As of June 12, 1943

After giving effect as of that date to:

- the repayment of \$65,000.00 3% First Mortgage and Collateral Trust Serial bonds due August 1, 1943.
- the redemption of the outstanding \$850,000.00 4¼% First Mortgage and Collateral Trust Sinking Fund bonds and the outstanding 17,540 shares, Cumulative Convertible Sinking Fund Preference Stock and the conversion of the outstanding 20,000 Common Shares \$30.00 par value stock into 40,000 shares no par value Common Stock.
- the sale of \$850,000.00 3% First Mortgage and Collateral Trust Serial bonds, and 40,000 additional shares no par value Common Stock, in terms of agreements dated August 10, 1943.

ASSETS

Current Assets:

Cash in banks and on hand.....	\$	7,129.20
Accounts and notes receivable.....		334,502.02
Investment in Dominion of Canada bonds at cost and accrued interest (quoted value \$430,303.92).....		430,964.52
Due from employees re Victory Loan subscriptions, secured by Dominion of Canada bonds.....		46,778.95

Inventories:

Represented by cotton account adjusted from cost under agreement with Commodity Prices Stabilization Corporation, Limited, to give effect to subsidy assistance contingently repayable.....	\$	1,428,026.63
Other inventories at not exceeding the lower of cost or market value, as determined and certified to by responsible officials of the company, less reserves.....		246,325.77

Deposit with fire insurance company.....		1,674,352.40
		25,084.58

Deferred charges.....		2,518,811.67
Other investments.....		15,478.22
		2,565.82

Fixed Assets:

Real Estate, as appraised by Mr. F. Kent Hamilton, under date of April 5, 1928.....		153,892.00
Buildings, machinery and equipment as appraised by Lock- wood, Greene & Co., Inc., under date of April 5, 1928, at replacement cost less depreciation with subsequent additions at cost, less adjustments.....	\$	3,280,488.35
Deduct reserve for depreciation.....		2,104,234.61
		1,176,253.74
		1,330,145.74
		<u>\$ 3,867,001.45</u>

LIABILITIES

Current Liabilities:

Due to bank (secured).....	\$	898,816.98
Accounts payable.....		112,080.11
Accrued wages, etc.....		66,577.68
Preferred and Common dividends due July 2, 1943.....		10,772.50
Reserve for Dominion income and excess profits taxes—estimated.....		85,457.92
Accrued bond interest.....		13,665.27

1,187,370.46

3% First Mortgage and Collateral Trust Serial bonds, maturing \$85,000.00 per annum November 1, 1944 to 1953 inclusive.....		850,000.00
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Capital Stock:

Authorized and Issued:		
Common Stock 80,000 shares of no par value.....		1,200,000.00

Surplus:

Capital.....		65,486.46
Earned.....		564,144.53
		<u>\$ 3,867,001.45</u>

DISTRIBUTION OF COMMON STOCK ON NOVEMBER 1st, 1943

Number	Shares
263 Holders of 1 - 100 share lots.....	13,882
45 Holders of 101 - 200 " ".....	6,460
10 Holders of 201 - 300 " ".....	2,495
2 Holders of 301 - 400 " ".....	720
1 Holders of 401 - 500 " ".....	500
6 Holders of 501 - 1000 " ".....	4,780
6 Holders of 1001 - up " ".....	51,163
333 Stockholders	Total Shares.....
	80,000